RECEIVED
JAN 23 2012
DIV. OF OIL, GAS & MINING

M0210004
Task ID# 4606
cc: Lynn

Form MR-Site/Bond Release
(December 21, 2006)

Application for Site and/or Bond Release

Operator/Permittee: Hecla Mining Company

Mine/Project Name: Escalante Silver Mine

File Number: M 210004

Check One:

☒ Large Mine ☐ Small Mine ☐ Exploration

Check one:

☐ Partial Release of a portion of the mine site: Acres to be released: ____ Acres Remaining: ____
Specify Area: _____

☐ Full Release of a portion of the mine site: Acres to be released: _____
Specify Area: _____
(A new map will need to be provided for the Notice or plan removing the released area from the disturbed or bonded area.)

☐ Partial Release of entire mine site: Total Acres to be released: _____
(Backfilling and grading are completed)

☒ Full Release of entire mine site: Total Acres to be released: 28
(Vegetation is established and has survived three growing seasons.)

Amount of Existing Surety: $42,756.00

Amount of Surety requested for release: $42,756.00

Reason for Bond Release Request: Reclamation is complete. Please reference attached bond release request.

Complete this section if the money released from this application is to be used as surety for future disturbance.

Release bond on: _____ Acres (specify area) _____

Apply Bond to: _____ Acres (specify area) _____

Check Applicable Boxes		DESCRIPTION of RECLAMATION ACTIVITIES COMPLETED (Describe any variance(s) that have been granted, date activity completed)
X	Wells Plugged / shafts sealed	DWG approval of termination letter dated 8/10/2011 – wells abandoned *
X	Disposal of debris & other materials incident to mining	Thickener tank + material has been cleaned up.

* All wells and/or openings associated with the mine are plugged, adit is backfilled

X	Drainages, reestablished & stable	Tailings impdment drainages completed 1997. General site drainage is reestablished & complete.
X	Structures demolished / removed	Structures & property sold previously.
X	Regrading Completed – Slopes, pits, highwalls in stable condition	Stable condition where applicable.
X	Meets Postmining Land Use (Indicate Landuse)	Commercial use - structure areas Grazing - tailings impoundment area
X	Roads Reclaimed	Reclaimed August 2011 - 2 track access road to tailings impoundment is revegetated.
X	Dams, Impoundments, Ditches, Pits reclaimed	Tailings impoundment was reclaimed & revegetated in 1997, UDOGM acknowledged acceptable growth in 2000.
X	Topsoil respread – amendments added	Completed at tailings impoundment 1997, waste rock pile completed in 2005.
X	Erosion Controlled	Complete & established as of 1997, waste rock pile completed 2005.
X	Vegetation meets 70% of premining cover and has survived three years for full bond release – or has survived one year growing season to maintain small mine status.	Tailings impoundment vegetation is mature - completed over 15 years ago Waste dump vegetation is mature - completed 2005

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments and obligations, herein.

Paul L. Glader
Print Name

Director - Environmental
Sign Name, Position

1/19/12
Date

Return to:

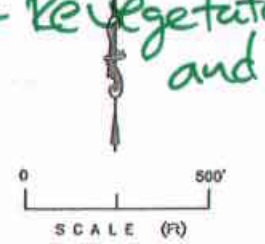
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Phone: (801) 538-5291 Fax: (801) 359-3940

FOR DOGM USE ONLY:
File #: M/ /
Approved:
Bond Adjustment: from ($)
to $

O:\FORMS\Bonding Forms\Bond-Release\site-bond-release-applic.doc

2011 Reclamation

- Remove fence/gates - tailings impoundment perimeter
- Close & abandon (plug) monitoring wells
- Revegetate trash areas of 2 track access road and small areas at monitoring wells



117

Dixie Cable Property Boundary

TMW 1
TMW 2
TMW 3
TMW 4

65 acres
TAILINGS IMPOUNDMENT

TAILINGS DAM

ROAD TO TAILINGS IMPOUNDMENT

3 2
10 11

Borrow Area 5 acres

WASTE ROCK PILE

P-11 PUMP

MILL AREA

Reclaimed by Hecla in 2005
- Pile & borrow area

Hecla Boundary
- Property is controlled by BLM

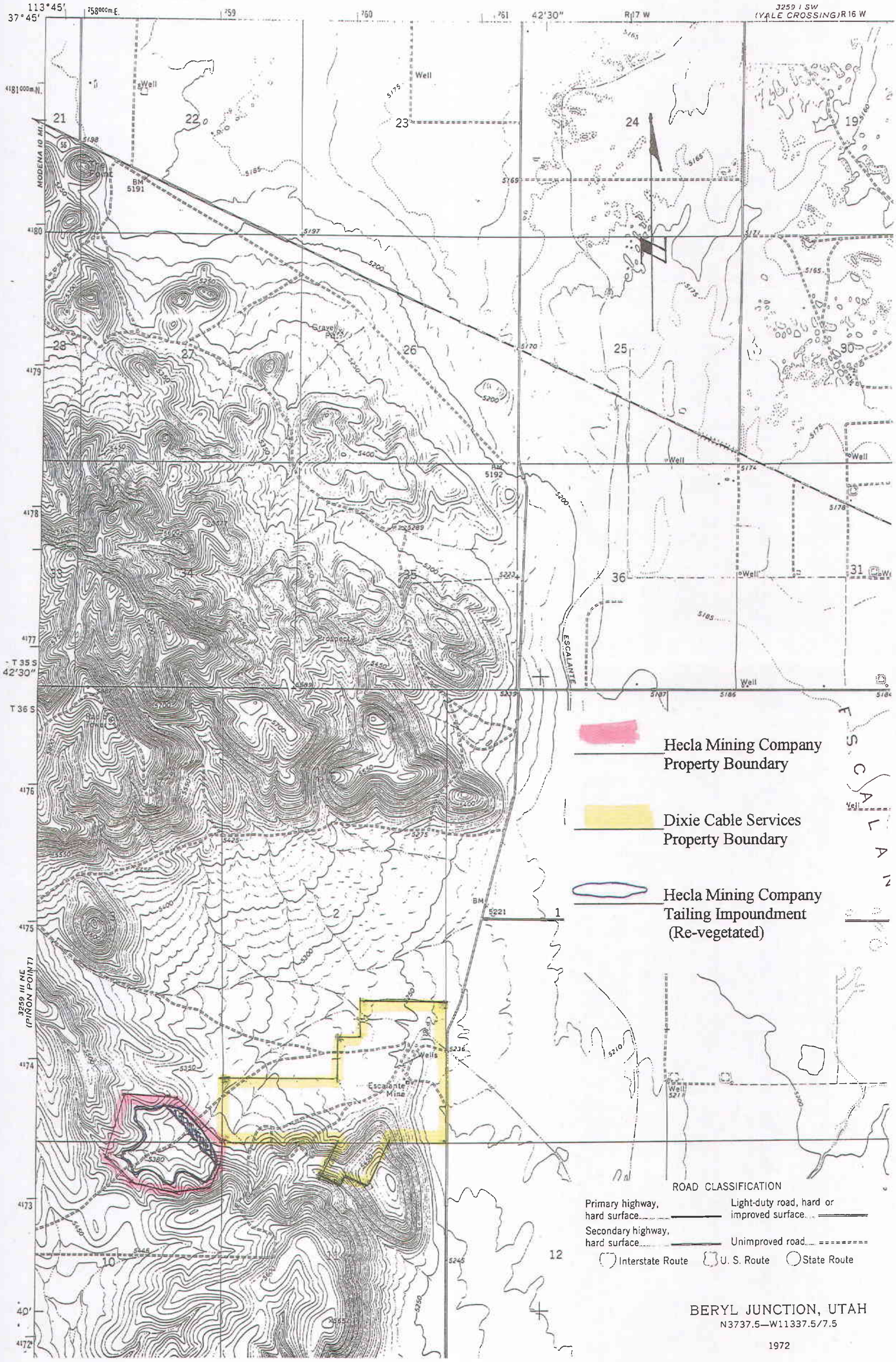
DIXIE CABLE

HECLA MINING COMPANY
RECLAMATION RESPONSIBILITY

ESCALANTE MINE

IMPOUNDMENT AREA MAP 3

DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY



BERYL JUNCTION, UTAH
N3737.5—W11337.5/7.5

1972

Hecla

January 19, 2012

Mr. Lynn Kunzler
Depart of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84116

Subject: Escalante Silver Mine – Request for Final Surety Release – M210004

Reference: Attachment 1 – Hecla Mining Final Reclamation Plan – June 2, 2011
Attachment 2 – Utah Department of Environmental Quality – August 10, 2011
- Termination of Stipulation and Consent Agreement
- Well Abandonment reports

Attachment 3 - Bamberg Ecology – Reclamation Report – August 16, 2011
Attachment 4 – Bamberg Ecology – Reclamation Conditions – November 4, 2010
Attachment 5 – Bamberg Ecology – Waste Pile Conditions – November 26, 2010
Attachment 6 – Utah Department of Natural Resources – December 28, 2006
- Authorization of Partial Release of Surety

Attachment 7 – Surety Bond - $42,756

Dear Mr. Kunzler:

The final reclamation activities were completed in 2011. Reclamation was completed per the updated Reclamation Plan submitted to the Department June 2, 2011.

The Stipulation and Consent Agreement between Hecla and Utah Division of Water Quality, which had required twenty years of groundwater monitoring at the tailings impoundment, was terminated and the monitoring wells were properly abandoned.

The August 2011 reclamation activities included removal of the fencing and gates around the tailings impoundment, reclamation of the tailings impoundment access road, and reclamation of the monitoring well surface areas. The tailings impoundment access road has successfully revegetated and the 2011 reclamation focused on the two-track vehicle path and several patches of weeds on the access road. A summary report detailing the reclamation work was completed (Bamberg Ecology – August 16, 2011).

6500 Mineral Drive, Suite 200 • Coeur d'Alene, Idaho 83815-9408 • 208.769.4100 • FAX 208.769.4107 • www.hecla-mining.com

The tailings impoundment was reclaimed over fifteen years ago and the vegetation on the tailings impoundment has good cover and density with a good diversity of native species with minimal weed cover. Knapweed had been intensely managed for the past five years and the knapweed appears to be contained (Bamberg Ecology – November 4, 2010).

The Waste Pile was reclaimed in 2005. The 2010 review concludes that the pile has been revegetated to an acceptable cover of desirable species (Bamberg Ecology – November 26, 2010).

The reclamation has been successfully completed and this letter requests full release of the remaining surety. Please call me at 208.769.4112 if you have any questions.

Sincerely,

Paul L. Glader
Director – Environmental Services

Attachment 1

June 2, 2011

Mr. Lynn Kunzler
Depart of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84116

Subject: Final Reclamation at Escalante Mine

Dear Mr. Kunzler:

Attached for your review is the Reclamation Plan for the completion of the remaining reclamation activities in 2011. This work is planned for this early summer.

Please call me at 208.769.4112 if you have any questions.

Sincerely,

Paul L. Glader
Manager – Environmental Services

CC: Ed Ginouvies – BLM, Cedar City

6500 Mineral Drive, Suite 200 • Coeur d'Alene, Idaho 83815-9408 • 208.769.4100 • FAX 208.769.4107 • www.hecla-mining.com

RECLAMATION PLAN
FOR FINAL CLOSURE OF THE

ESCALANTE SILVER MINE
IRON COUNTY, UTAH

Prepared by:

Hecla Mining Company
6500 N. Mineral Drive, Suite 200
Coeur d'Alene, Idaho 83815-9408

and

Bamberg Ecology LLC
2622 Valentia Street
Denver, Colorado 80238

June 2011

Table of Contents

1.0 OVERVIEW

The Escalante Silver Mine (Escalante) is a closed underground mine formerly operated by Hecla Mining Company that has been reclaimed except for removal of the tailings impoundment perimeter fencing, closure of four monitoring wells in the vicinity of the tailings impoundment, and revegetation of the tailings impoundment access road. The Waste Rock Pile was reclaimed in 2006. This reclamation plan addresses final reclamation of these structures that include four groundwater monitoring wells, a fence enclosing the tailings impoundment, the access road, and Waste Rock Pile (Sheet 1).

2.0 SITE LOCATION AND DESCRIPTION

Escalante is located in southwestern Utah, 38 miles west of Cedar City, Utah, 3½ miles southwest of Beryl Junction and 8 miles north of Enterprise, Utah (Sec 2, T36S, R17W, Salt Lake Baseline & Meridian; Sheet 1). The site is on the southeastern edge of the Great Basin Desert region within the Escalante Desert. The Escalante Desert spans most of Iron County, with a shrub steppe climate that receives an average annual 13 inches (330 mm) of rainfall and 5.9 feet (1.8 m) of snowfall. Vegetation is typical of the region with big sagebrush (*Artemisia tridentata*) dominated semiarid land plant complexes. The area is open rangeland with localized dryland agriculture. The mine site is situated in a gently sloping drainage of the local foothills. No streams, drainage swells, or other water features are within the areas of concern for this plan.

3.0 GENERAL RECLAMATION METHODS

The following sections describe the essential steps to reclamation. These steps include removal of structures, surface preparation, and seeding.

3.1 STRUCTURE REMOVAL

Appropriate structures will be removed first following the methods described in each corresponding section and with minimal disturbance to the surrounding landscape. Care will be taken during removal of the fencing and closure of the monitoring wells to not compact soil surfaces.

3.2 GROUND PREPARATION

If any surfaces are excessively compacted, they should be loosened by ripping either with hand equipment in small areas, or a small tractor or excavator for larger areas. Existing soil surfaces on the site are adequate as a growth medium for revegetation as determined by soil nutrient laboratory results (Appendix A). Therefore, no soil amendments will be applied. If added im-

properly, soil amendments in natural landscapes promote invasive and weedy plant species. Erosion should not be an issue with this revegetation effort, since the areas of concern are level or have shallow slopes at most.

3.3 SEEDING

Ideally, seed planting should follow any disturbance from structure removal as soon as practicable and devisable by season. If an extended period of time has passed since structure removal, weed removal/control and fresh grading and ground preparation will need to be performed for the surface to be loose, rough-surfaced, and soft for seed capture. Seeding is optimally timed for late fall after plant dormancy but before winter precipitation or spring after ground thaw. Drill seeding may be done anytime the ground is thawed, but not too wet for equipment passes.

The seed mix provided below is recommended for this Great Basin desert area. Seeding rate for the grass mix is 1-2 lbs/1,000 sq. ft and for the shrub mix is 2 lbs/1,000 sq. ft. Manual seeding rates should be twice the recommended rate.

Recommended Grass Seed Mix[1]

Species	Common Name	% of mix
Pseudoroegneria spicata	Bluebunch Wheatgrass	25
Festuca idahoensis	Idaho Fescue	20
Pascopyrum smithii	Western Wheatgrass	20
Bromus marginatus	Mountain Brome	12
Stipa viridula	Green Needlegrass	6
Oryzopsis hymenoides	Indian Ricegrass	5
Leymus cinereus	Basin Wildrye	5
Poa secunda	Sandberg's Bluegrass	5
Elymus elymoides	Bottlebrush Squirreltail	2

Recommended Shrub Seed Mix

Species	Common Name	% of mix
Artemisia tridentata v. tridentate	Basin Big Sagebrush	40
Chrysothamnus nauseosus	Rubber Rabbitbrush	40
Purshia tridentate	Bitterbrush	10
Ceratoides lanata	Winterfat	10

[1] **Western Native Seed,** P.O. Box 188, Coaldale, CO 81222
Phone: (719) 942-3935 FAX: (719) 942-3605 Email: info@westernnativeseed.com
Sage Country Mix

The access road can be drill seeded at the rates recommended with each mix. Manual seed dispersal, rather than drill seeding, is recommended for small, relatively confined areas (at double the recommended seeding rate). The area is generally flat enough to drill seed, but the small size and remote location may make this seeding method less cost effective. If hand seeded, the soil surface may need to be raked to incorporate the seed. This additional step will need to be field determined based on season and ground surface conditions.

3.4 IRRIGATION

Irrigation is not recommended for the revegetation area. Desert seeds can remain dormant in the soil until the climatic conditions are correct for germination and growth. Irrigation can create water dependant individual plants that will die out once irrigation is removed.

3.5 SUCCESS REQUIREMENTS & WEED CONTROL

The Proposal for Closure of Hecla's Escalante Silver Mine Tailings Facility dated August 25, 1989 by Hecla Mining Company Escalante Unit and submitted to the Department of Natural Resources, Division of Oil, Gas, and Mining, State of Utah does not define vegetative release criteria for Escalante. The revegetation areas will be monitored for a minimum of two years for vegetation establishment. A short report detailing qualitative vegetation condition and weed control measures (if necessary) will be completed for each monitoring visit.

4.0 ACCESS ROAD

The 1.6 acre access road to the tailings impoundment has good vegetative cover except for several weedy and bare patches. A two-track vehicle path will remain for access to the tailings impoundment area. Although not diverse in species richness and with some large weedy patches, the vegetative cover and density match the surrounding landscapes and stabilize the ground surface from wind and water erosion. This vegetation on the main access road is dominated by broom snakeweed. Broom snakeweed is a bushy, short-lived (less than 20 years), native, perennial subshrub and is a common constituent of many early serial sagebrush-grassland, pinyon-juniper, and desert shrub communities.

No structure or debris removal is needed on this road. It is not recommended to disturb the existing shrub vegetation with a ripping and seeding of the entire roadway. However, bare and weedy patches should be addressed. The weedy species are mainly annual - Russian thistle

(*Salsola* sp.), tumble mustard (*Sisymbrium altissimum*), and filaree (a.k.a. storksbill *Erodium cicutarium*) that die each year and reproduce by seed. Either early spring or late fall to early winter seeding will not require weed removal. No soil amendments or irrigation will be used.

Weedy and bare areas will be revegetated. These areas may be drill seeded. If a broadcast seeding method is used, the surface will be ripped to a depth of 3 to 6 inches so the ground surface is left rough and broken. Broadcast seed will incorporate into the soil through surface sloughing. These areas will receive an overseeding of native full-sized shrubs and grasses included in the seed mix.

5.0 CLOSE MONITORING WELLS

A licensed well driller will be contracted to close the monitoring wells in accordance with applicable Utah rules. Once the four monitoring wells around the tailings impoundment are closed, the surface soil will be ripped, if compacted (Section 3.2). The bare ground will then be seeded with the seed mix by hand broadcast method (Section 3.3).

6.0 REMOVAL OF FENCE AROUND TAILINGS IMPOUNDMENT

Removal of the approximately 9,000 feet of perimeter fencing around the tailings impoundment will be accomplished first by detaching and collecting the wires into rolls. The metal posts will be pulled out of the ground with minimal surface disturbance. In addition, this will be accomplished with minimal vehicle passes to not significantly disturb the existing vegetation. All fence debris will be removed from the site. The existing vegetation should recover without revegetation efforts. This is especially true since this disturbance will be narrow and linear, which maximizes the edge effect of re-colonization of limited bare areas by the surrounding landscape.

7.0 WASTE ROCK PILE

The five-acre Waste Rock Pile had earthwork and seeded completed in October 2005. This area has revegetated to an acceptable level as recorded in a Technical Memorandum from Dr. Bamberg to Mr. Glader dated November 26, 2010 (Appendix B). Therefore, no further revegetation work is needed.

APPENDIX A

USU ANALYTICAL LABORATORIES

Soil Test Report
and
Fertilizer Recommendation

USU Analytical Labs
Utah State University
Logan, Utah 84322-4630
(435) 797-2217
(435) 797-2117 (FAX)
www.usual.usu.edu

ATTN: Paul Glader

Date Received: 12/2/2010
Date Completed: 12/9/2010

Name: Douglas Truman
Address: PO BOX 444

ENTERPRISE UT 84725

Phone: 435-878-2600
County: WASHINGTON

Lab Number: 1001-2580
Identification: Good Plant Growth
Crop to be Grown: Reclamation

Grower's Comments:

Acres in Field:

Soil Test Results			Interpretations	Recommendations
Texture		Silt Loam		
pH		7.45	Normal	
Salinity - ECe	dS/m	0.91	Normal	
Phosphorus - P	mg/kg	29	Adequate	0 lbs P2O5/A
Potassium - K	mg/kg	387	High	0 lbs K2O/A
Nitrate-Nitrogen - N	mg/kg	17.7		0 lbs N/A
Zinc - Zn	mg/kg	0.58	Low	5 lbs Zinc/A
Iron - Fe	mg/kg	3.41	Low	
Copper - Cu	mg/kg	0.70	Adequate	
Manganese - Mn	mg/kg	3.88	Adequate	
Sulfate-Sulfur - S	mg/kg	481	Adequate	0 lbs Sulfur/A
Organic Matter	%	1.7		
SAR				

Notes

For further assistance, please see your County Agent -- Vernon Parent / Rick Heflebower - 435-634-2691 / -2690
For further information and publications of interest, see the
USU Analytical Lab webpage or Utah State University Extension

Methods Used by USUAL: pH + EC (salinity) + SAR by saturated paste; P + K by Olsen sodium bicarbonate extract – K by AA, P by ascorbic acid/molybdate blue colorimetric; NO3-N by CaO extract + cadmium reduction; Zn, Fe, Cu, Mn by DTPA + ICP; SO4-S by CaHPO4 + ICP; OM by Walkley-Black
Results only reflect the sample received and may not be indicative of actual field conditions.

TE 12/7/10

USU ANALYTICAL LABORATORIES

Soil Test Report
and
Fertilizer Recommendation

USU Analytical Labs
Utah State University
Logan, Utah 84322-4830
(435) 797-2217
(435) 797-2117 (FAX)
www.usual.usu.edu

Date Received: 12/2/2010
Date Completed: 12/9/2010

Name: Douglas Truman
Address: PO BOX 444

ENTERPRISE UT 84725

Phone: 435-878-2600
County: WASHINGTON

Lab Number: 1001-2581 Grower's Comments: Acres in Field:
Identification: Sparse Plant Growth
Crop to be Grown: Reclamation

Soil Test Results			Interpretations	Recommendations
Texture		Silt Loam		
pH		7.45	Normal	
Salinity - ECe	dS/m	0.9	Normal	
Phosphorus - P	mg/kg	16.9	Adequate	0 lbs P2O5/A
Potassium - K	mg/kg	481	Very High	0 lbs K2O/A
Nitrate-Nitrogen - N	mg/kg	13.8		0-4 lbs N/A
Zinc - Zn	mg/kg	0.39	Very Low	10 lbs Zinc/A
Iron - Fe	mg/kg	3.49	Low	
Copper - Cu	mg/kg	0.83	Adequate	
Manganese - Mn	mg/kg	5.27	Adequate	
Sulfate-Sulfur - S	mg/kg	6.1	Low	10-20 lbs Sulfur/A
Organic Matter	%	1.5		
SAR				

Notes

For further assistance, please see your County Agent -- Vernon Parent / Rick Heflebower - 435-634-2691 / -2690
For further information and publications of interest, see the
USU Analytical Lab webpage or Utah State University Extension

Methods Used by USUAL: pH + EC (salinity) + SAR by saturated paste; P + K by Olsen sodium bicarbonate extract -- K by AA, P by ascorbic acid/molybdate blue colorimetric; NO3-N by CaO extract + cadmium reduction; Zn, Fe, Cu, Mn by DTPA + ICP; SO4-S by CaHPO4 + ICP; OM by Walkley-Black
Results only reflect the sample received and may not be indicative of actual field conditions.

APPENDIX B

Technical Memorandum

Date: November 26, 2010
To: Mr. Paul Glader, Hecla Mining Company
From Ingrid Bamberg, Bamberg Ecology

Re: Trip Report for Reclamation Observations of Waste Rock Pile at Escalante Mine Site

This memo provides observations on the Waste Rock Pile at Hecla Mining Company's (Hecla) Escalante Silver Mine (Escalante), near Beryl, Utah, from a site visit on October 14, 2010. The purpose of this observation was to assess the current reclamation conditions of the waste rock pile. Present on site during this inspection were Paul Glader, Hecla Mining Company; Doug Truman, caretaker and former mine employee at Escalante; and Ingrid Bamberg, Bamberg Ecology. Escalante is located about 5 miles North of Enterprise, Utah in Iron County, at 1420 South-2400 West, Beryl, Utah 84714 (Sec 2, T36S, R17W, Salt Lake Baseline & Meridian). This memo is separate from the remainder of the Escalante Silver Mine observations since the Waste Rock Pile has been released from financial bond.

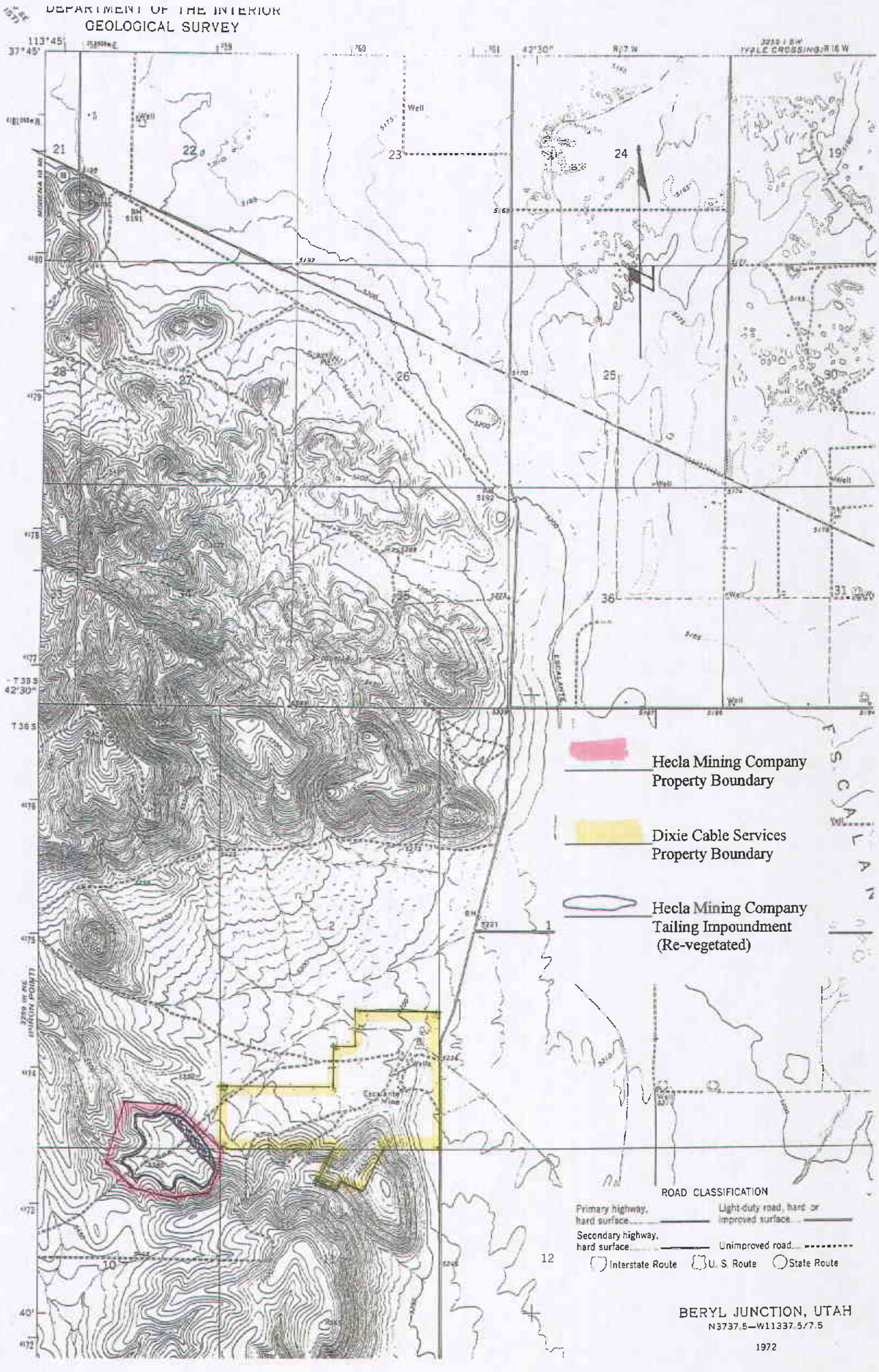
Escalante is located in southwestern Utah on the southeastern edge of the Great Basin Desert region within the Escalante Desert. The Escalante Desert spans most of Iron County, with a sagebrush shrub steppe climate that receives an average annual 13 inches (330 mm) of rainfall and 5.9 feet (1.8 m) of snowfall. Vegetation is typical of the region with big sagebrush (*Artemisia tridentata*) dominated semiarid land plant complexes. The area is open rangeland with localized dryland agriculture. The mine site is situated in a gently sloping drainage of the local foothills.

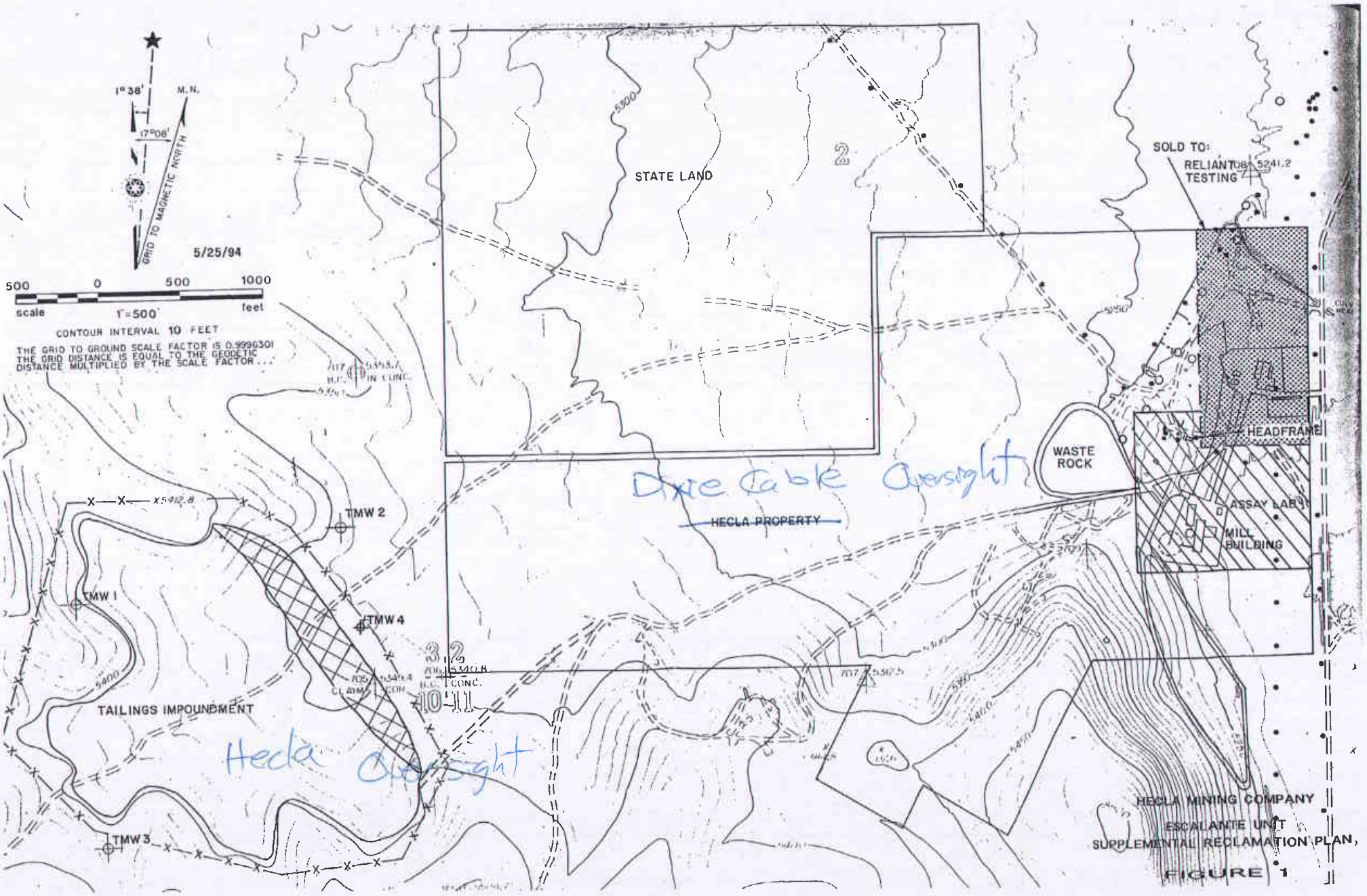
The Waste Rock Pile had earthwork and seeded done in October 2005, five years prior to this inspection. The surface of the Waste Rock Pile had a total ground cover of approximately 40 to 45%. Of this, approximately 10 to 15% of the cover was grasses and native forbs including a unidentified mint species, beard's tongue (*Penstemon* sp.), and wildrye (*Elymus cinereus*). Approximately 30% of the cover was by invasive species (weedy species) and included cheatgrass (*Bromus tectorum*), Russian thistle (*Salsola kali*), and tansy mustard (*Descurainia pinnata*).

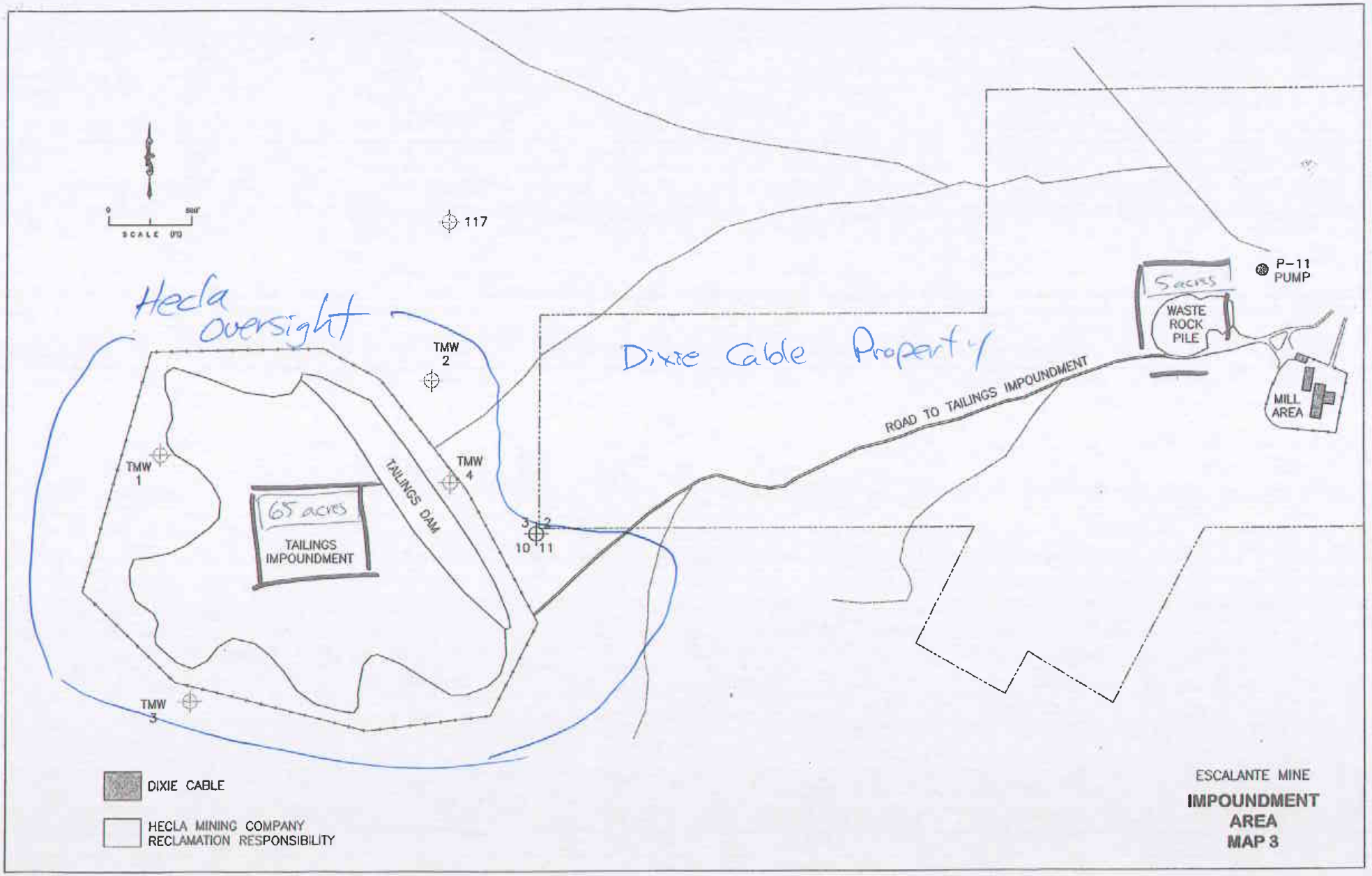
The Waste Rock Pile has revegetated to an acceptable cover of desirable species for this desert region. The weedy species cover is moderately high, but not unusual for a disturbed reclamation site.

Photo 1. South slope of the Waste Rock Pile, Escalante Site, October 14, 2010.

Photo 2. North slope of the Waste Rock Pile in foreground, Escalante Site, October 14, 2010.


DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Hecla Mining Company
Property Boundary
Dixie Cable Services
Property Boundary
Hecla Mining Company
Tailing Impoundment
(Re-vegetated)
ROAD CLASSIFICATION
Primary highway, hard surface
Secondary highway, hard surface
Light-duty road, hard or improved surface
Unimproved road
Interstate Route
U. S. Route
State Route
BERYL JUNCTION, UTAH
N3737.5—W11337.5/7.5
1972


1°38'
M.N.
17°08'
GRID TO MAGNETIC NORTH
5/25/94
500 0 500 1000
scale 1"=500' feet
CONTOUR INTERVAL 10 FEET
THE GRID TO GROUND SCALE FACTOR IS 0.9996301
THE GRID DISTANCE IS EQUAL TO THE GEODETIC
DISTANCE MULTIPLIED BY THE SCALE FACTOR...
STATE LAND
SOLD TO:
RELIANT TESTING
WASTE ROCK
HEADFRAME
ASSAY LAB
MILL BUILDING
HECLA PROPERTY
TMW 1
TMW 2
TMW 3
TMW 4
TAILINGS IMPOUNDMENT
Dixie Cable Oversight
Hecla Oversight
HECLA MINING COMPANY
ESCALANTE UNIT
SUPPLEMENTAL RECLAMATION PLAN,
FIGURE 1


SCALE (FT)
117
Hecla oversight
TMW 2
Dixie Cable Property
TMW 1
TMW 4
TMW 3
65 acres
TAILINGS IMPOUNDMENT
TAILINGS DAM
3
2
10
11
ROAD TO TAILINGS IMPOUNDMENT
5 acres
WASTE ROCK PILE
P-11 PUMP
MILL AREA
DIXIE CABLE
HECLA MINING COMPANY RECLAMATION RESPONSIBILITY
ESCALANTE MINE
IMPOUNDMENT AREA
MAP 3

Attachment 2

State of Utah
GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

Department of
Environmental Quality

Amanda Smith
Executive Director

DIVISION OF WATER QUALITY
Walter L. Baker, P.E.
Director

August 10, 2011

Paul L. Glader, P.E.
Manager – Environmental Services
Hecla Limited
6500 N. Mineral Drive, Suite 200
Coeur d'Alene, Idaho 83815-9408

Dear Mr. Glader:

Subject: Termination of Stipulation and Consent Agreement (Docket No. UGW92-04)

The Division of Water Quality (DWQ) has received your July 19, 2011 letter requesting concurrence to terminate Stipulation and Consent Agreement UGW92-04 (Agreement) dated February 5, 1993 for the Hecla Escalante Unit silver processing facility located about 10 miles west of Newcastle, Iron County, Utah. As stated in your letter, Hecla would like to proceed with contracting a licensed well driller to plug and abandon the site monitoring wells in accordance with applicable Utah rules (Division of Water Rights Rule R655-4-12).

Pertinent paragraphs of the subject Agreement are provided below.

Paragraph 7 of the Agreement states:

> *For the purpose of this AGREEMENT, "contamination of the aquifer" shall be defined as an exceedence of the established protection levels.*

Paragraph 8 of the Agreement states:

> *Hecla is required to monitor wells at the site for the monitoring period of 20 years from 1990, the year of closure. If at the conclusion of 20 years, contamination of the aquifer, as defined in paragraph 7, has not occurred, then paragraph 10 applies.*

Paragraph 10 of the Agreement states:

> *If at the conclusion of the approved monitoring period, contamination of the aquifer as defined in paragraphs 7 and 8 above has not occurred, then the AGREEMENT shall be considered complete and fulfilled, and Hecla will not be required to undertake or submit further monitoring or analytical results, and this AGREEMENT shall terminate.*

Based on a review of historical monitoring data to date, there have been no exceedances of ground water protection levels during the 20-year monitoring period. Therefore, Hecla has fulfilled the terms of the Agreement and the Agreement is hereby terminated.

If you have any questions, please contact Mark Novak at mnovak@utah.gov or (801) 536-4358.

Sincerely,

UTAH WATER QUALITY BOARD

Walter L. Baker, P.E.
Executive Secretary

WLB/RFH:mhf

Cc: Paul Wright, Southwest District Engineer
Southwest Utah Public Health Department

DWQ-2011-008130.doc

Well #1

WELL ABANDONMENT REPORT
State of Utah
Division of Water Rights

Well Identification

Owner *Note any changes*

Hecla Mining
6500 Mineral Drive, Ste. 200
Coeur d Alene, ID 83815
Contact Person/Engineer: _____

Well Location *Note any changes*

N 430' W 2400' from SE corner of Section 3 T36 South R1W

Location Description: (address, proximity to buildings, landmarks, ground elevation, local well #)

Existing Well Details

Is a Well Driller's Report Available? ☐ Yes ☐ No
Well Depth 404 feet Well Diameter 4 inches
Nature of Use: ☐ Dom. ☐ Irr. ☐ Stock ☐ Industrial ☐ Commercial ☐ Municipal ☐ Monitor ☐ Other _____
Casing Type: ☐ Steel ☐ Stainless Steel ☒ PVC ☐ Fiberglass ☐ ABS ☐ SR ☐ Other _____
Openings: ☐ Screen ☐ Perforations ☐ Open Pipe Screen/Perforation Interval _____
Filter Pack? ☐ Yes ☐ No Depth of Surface Seal _____ feet
Static Water Level _____ feet Flowing Well? ☐ Yes ☐ No
Other Details (if known) _____

Abandonment Details

Date of Abandonment 7-22-11
Reason for Abandonment _____

Method of Abandonment (Include a description of the seal placement and procedures, amount of casing/screen removed, pump/piping removal, termination of casing at the surface, problems encountered, and other pertinent information).

pumped w/neat cement steel pipe cut off at 4' (it was a 20' piece) in the top to stabilize)

DEPTH (feet)		ABANDONMENT MATERIAL DETAILS		
FROM	TO	ABANDONMENT MATERIAL USED	Quantity of Material Used (e.g., cubic yards, lbs)	GROUT DENSITY (lbs./gal., # bag mix, gal./sack etc.)
0	404	Neat Cement	2 1/2 yards	

Location of a new well (if present) is _____ ft north/south and _____ ft east/west from the abandoned well.

Well Driller Statement This well was abandoned under my supervision, according to applicable rules and regulations, and this report is complete and correct to the best of my knowledge and belief.

Name GARDNER BROTHERS DRILLING (Person, Firm, or Corporation - Type or Print) License No. 492

Signature Dale Gardner (Licensed Well Driller) Date July 20, 2011

Abandonment

Well #2

WELL ABANDONMENT REPORT
State of Utah
Division of Water Rights

Well Identification

Owner *Note any changes*

Hecla Mining
6500 Mineral Drive, Ste. 200
Coeur d Alene, ID 83815

Contact Person/Engineer: _____

Well Location *Note any changes*

N 270' W 4350' from the SE corner of Section 3, T36S R17W

Location Description: (address, proximity to buildings, landmarks, ground elevation, local well #)

Existing Well Details

Is a Well Driller's Report Available? ☐ Yes ☐ No

Well Depth 300 feet Well Diameter 4 inches

Nature of Use: ☐ Dom. ☐ Irr. ☐ Stock ☐ Industrial ☐ Commercial ☐ Municipal ☐ Monitor ☐ Other _____

Casing Type: ☐ Steel ☐ Stainless Steel ☒ PVC ☐ Fiberglass ☐ ABS ☐ SR ☐ Other _____

Openings: ☐ Screen ☐ Perforations ☐ Open Pipe Screen/Perforation Interval _____

Filter Pack? ☐ Yes ☐ No Depth of Surface Seal _____ feet

Static Water Level _____ feet Flowing Well? ☐ Yes ☐ No

Other Details (if known) _____

Abandonment Details

Date of Abandonment 7-22-11

Reason for Abandonment _____

Method of Abandonment (Include a description of the seal placement and procedures, amount of casing/screen removed, pump/piping removal, termination of casing at the surface, problems encountered, and other pertinent information).

Pumped with neat cement. A 20' piece of steel pipe used to stabilize in the top was cut off at 4'

DEPTH (feet)		ABANDONMENT MATERIAL DETAILS		
FROM	TO	ABANDONMENT MATERIAL USED	Quantity of Material Used (e.g., cubic yards, lbs)	GROUT DENSITY (lbs./gal., # bag mix, gal./sack etc.)
0	300	Neat Cement	1 3/4 yards	

Location of a new well (if present) is _____ ft north/south and _____ ft east/west from the abandoned well.

Well Driller Statement This well was abandoned under my supervision, according to applicable rules and regulations, and this report is complete and correct to the best of my knowledge and belief.

Name GARDNER BROTHERS DRILLING (Person, Firm, or Corporation - Print or Type) License No. 492

Signature Dale Gardner (Licensed Well Driller) Date July 26, 2011

Well #3

WELL ABANDONMENT REPORT
State of Utah
Division of Water Rights

Well Identification

Owner *Note any changes*

Hecla Mining
6500 Mineral Drive, Ste 200
Coeur d Alene, ID 83815 Contact Person/Engineer: _____

Well Location *Note any changes*

N 1070' W 1875' from the NE corner of section 10, T36S, R17W

Location Description: (address, proximity to buildings, landmarks, ground elevation, local well #)

Existing Well Details

Is a Well Driller's Report Available? ☐ Yes ☐ No

Well Depth 395 feet Well Diameter 4 inches

Nature of Use: ☐ Dom. ☐ Irr. ☐ Stock ☐ Industrial ☐ Commercial ☐ Municipal ☐ Monitor ☐ Other _____

Casing Type: ☐ Steel ☐ Stainless Steel ☒ PVC ☐ Fiberglass ☐ ABS ☐ SR ☐ Other _____

Openings: ☐ Screen ☐ Perforations ☐ Open Pipe Screen/Perforation Interval _____

Filter Pack? ☐ Yes ☐ No Depth of Surface Seal _____ feet

Static Water Level _____ feet Flowing Well? ☐ Yes ☐ No

Other Details (if known) _____

Abandonment Details

Date of Abandonment 7-22-11

Reason for Abandonment _____

Method of Abandonment (Include a description of the seal placement and procedures, amount of casing/screen removed, pump/piping removal, termination of casing at the surface, problems encountered, and other pertinent information).

Pumped with Neat Cement. Steel pipe (20' piece in top) cut off at 4'

DEPTH (feet)		ABANDONMENT MATERIAL DETAILS		
FROM	TO	ABANDONMENT MATERIAL USED	Quantity of Material Used (e.g., cubic yards, lbs)	GROUT DENSITY (lbs./gal., # bag mix, gal./sack etc.)
0	395	Neat Cement	2 1/4 yards	

Location of a new well (if present) is _____ ft north/south and _____ ft east/west from the abandoned well.

Well Driller Statement This well was abandoned under my supervision, according to applicable rules and regulations, and this report is complete and correct to the best of my knowledge and belief.

Name GARDNER BROTHERS DRILLING (Person, Firm, or Corporation - Print or Type) License No. 492

Signature Dale Gardner (Licensed Well Driller) Date July 26, 2011

Abandonment

well #4

WELL ABANDONMENT REPORT
State of Utah
Division of Water Rights

Well Identification

Owner *Note any changes*

Hecla Mining
6500 Mineral Drive, Ste. 200
Coeur d Alene, ID 83815 Contact Person/Engineer: _____

Well Location *Note any changes*

S 2052' W 795' from the E4 Corner of Section 3, Township 36S, Range 17W

Location Description: (address, proximity to buildings, landmarks, ground elevation, local well #)

Existing Well Details

Is a Well Driller's Report Available? ☐ Yes ☐ No
Well Depth 400 feet Well Diameter 4 inches
Nature of Use: ☐ Dom. ☐ Irr. ☐ Stock ☐ Industrial ☐ Commercial ☐ Municipal ☐ Monitor ☐ Other _____
Casing Type: ☐ Steel ☐ Stainless Steel ☒ PVC ☐ Fiberglass ☐ ABS ☐ SR ☐ Other _____
Openings: ☐ Screen ☐ Perforations ☐ Open Pipe Screen/Perforation Interval _____
Filter Pack? ☐ Yes ☐ No Depth of Surface Seal _____ feet
Static Water Level _____ feet Flowing Well? ☐ Yes ☐ No
Other Details (if known) _____

Abandonment Details

Date of Abandonment 7-22-11
Reason for Abandonment _____

Method of Abandonment (Include a description of the seal placement and procedures, amount of casing/screen removed, pump/piping removal, termination of casing at the surface, problems encountered, and other pertinent information).

Pumped with Neat cement. steel pipe cut off at 4' (20' piece in top)

DEPTH (feet)		ABANDONMENT MATERIAL DETAILS		
FROM	TO	ABANDONMENT MATERIAL USED	Quantity of Material Used (e.g., cubic yards, lbs)	GROUT DENSITY (lbs./gal., # bag mix, gal./sack etc.)
0	400	Neat cement	2 1/2 yards	

Location of a new well (if present) is _____ ft north/south and _____ ft east/west from the abandoned well.

Well Driller Statement This well was abandoned under my supervision, according to applicable rules and regulations, and this report is complete and correct to the best of my knowledge and belief.

Name GARDNER BROTHERS DRILLING (Person, Firm, or Corporation - Print or Type) License No. 492

Signature Dale Gardner (Licensed Well Driller) Date July 26, 2011

Abandonment

Attachment 3

BAMBERG ECOLOGY, LLC
Environmental Consulting Services

August 16, 2011

Mr. Paul Glader
Hecla Mining Company
6500 N. Mineral Drive, Suite 200
Coeur d-Alene, Idaho 83815-9408

Re: Trip Report for Reclamation Program at Escalante Mine Site

Dear Mr. Glader:

This letter describes the early August 2011 reclamation efforts at the Escalante Silver Mine (Escalante) Operation in Iron County, Utah, by Hecla Mining Company (Hecla). Escalante is located about 5 miles North of Enterprise, Utah in Iron County, at 1420 South-2400 West, Beryl, Utah 84714 (Sec 2, T36S, R17W, Salt Lake Baseline & Meridian). The activities described here were in fulfillment of the final reclamation efforts at this former mine property as determined in Reclamation Plan for Final Closure of the Escalante Silver Mine, Iron County, Utah report June 2011 by Bamberg Ecology LLC.

Final closure involved removal of the tailings impoundment perimeter fencing, closure of four monitoring wells in the vicinity of the tailings impoundment, and revegetation of the tailings impoundment access road (Sheet 1).

Perimeter Fence Removal

The perimeter fence was removed by Doug Truman and a field crew during the last week of July to the first week of August, 2011. The livestock wire fencing was detached from poles and rolled. The two gates with their poles and all fence poles were pulled. All materials were collected in a pickup truck with as few passes as feasible and then removed from the site. The existing vegetation was disturbed to a minimal degree and no revegetation efforts were required (Photo 1).

Monitoring Well Closure

Closure of the four monitoring wells was approved by the State of Utah Water Resources. The four monitoring wells (see Sheet 1 for locations) were closed by Gardner Brothers, a licensed water well drilling company in Southern Utah on July 22, 2011. The casings were cut immediately below the ground surface level. The length of the 4" pipe

was backfilled with injected concrete. Once closure was complete, each area was cleared of all debris. Compaction of the sandy surface soil was not significant during this operation. Grass and shrub seed mix (Tables 1 and 2) was hand broadcast on the approximately 250 sq ft disturbance areas and the temporary access roads (Photo 2).

Main Tailings Impoundment Access Road

The main access road into the tailings impoundment was ripped where suitable and seeded by hand broadcast with the grass and shrub seed mix (Tables 1 and 2). Grass and shrub seed mix (Tables 1 and 2) was then hand broadcast over the entire surface except the two-track roadway.

Grading and Seeding

Surface soil ripping was with a crop field tractor and disc in bare and weedy areas without excessive rocks (Photo 3). Seed was sown by hand broadcast immediately after grading and ground preparation while the surface was loose, rough, and soft, which facilitates seed capture and incorporation into the soil surface (Photo 4). This timing eliminated the need to cover or mulch the seed after dispersal since wind and water splash, which are anticipated for the fall/winter climate, incorporate seed into the soil. The seeding rate was 25 pounds of grass seed mix per acre (Table 1) and 5 PLS lbs for the shrub seed mix (Table 2).

Respectfully,

Ingrid Bamberg

Ingrid Bamberg
Senior Ecologist

Table 1. Grass Seed Mix (Sage County Grasses), Escalante Mine, August 2011.
Obtained from: Western Native Seed, P.O. Box 188, Coaldale, CO 81222

Species	% Mix	Germ (%)	Dorm (%)	Date	Origin	Lot #
Idaho fescue (*Festuca idahoensis*)	24.83	98.00		11/10	OR	14055
Bluebunch wheatgrass (*Pseudoroegneria spicata*)	24.65	86.00	7.00	7/10	WA	12351
Western wheatgrass (*Pascopyrum smithii*)	18.33	87.00		8/10	WA	13329
Indian ricegrass (*Oryzopsis hymenoides*)	10.94		99.00	2/11	MT	14056
Basin wildrye (*Leymus cinereus*)	5.99	93.00		8/10	MT	12352
Green needlegrass (*Stipa viridula*)	5.95		98.00	8/10	MT	13382
Sandberg's bluegrass (*Poa secunda*)	4.97	66.00		5/11	WA	13172
Bottlebrush squirreltail (*Elymus elymoides*)	2.00	83.00	4.00	11/10	CO	13948
Inert	2.34					
Crop	0.00					
Weed (noxious = none)	0.01					

Table 2. Shrub Seed Mix, Escalante Mine, August 2011.
Obtained from: Pawnee Buttes Seed Inc., 605 25th St., Greeley, CO 80632

Species	Purity (%)	Germ (%)	% Mix	Test	Origin	Lot #
Mountain big sagebrush (*Artemisia tridentate vasey*)	16.21	18.00	89.42	6/11	UT	010-5134
Winterfat (*Krascheninnikova lanata*)	3.47	21.00	4.77	7/11	UT	010-5147
Rubber rabbitbrush (*Chrysothamnus nauseosus*)	3.21	91.00	4.27	7/11	UT	010-5115
Antelope bitterbrush (Source Identified, *Purshia*)	1.52	48.00	1.53	7/11	UT	008-3944
Inert	75.5					
Crop	0.07					
Weed (noxious = none)	0.00					

Photo 1, Tailings impoundment perimeter fence was removed including poles for the gate, vegetation was not significantly disturbed, Escalante Site, August 11, 2011.

Photo 2. Monitoring well site after removal, Escalante Site, August 11, 2011.

Photo 3. Ripping of soil surface with tractor and disc to prepare the ground for seeding, August 11, 2011.

Photo 4. Hand broadcast of seed on main access road, Escalante Site, August 11, 2011.

Attachment 4

bamberg ecology

Technical Memorandum

Date: November 4, 2010
To: Mr. Paul Glader, Hecla Mining Company
From Ingrid Bamberg, Bamberg Ecology

Re: Trip Report for Reclamation Project at Escalante Mine Site

This memo provides observations on Hecla Mining Company's (Hecla) Escalante Silver Mine (Escalante), near Beryl, Utah, from a site visit on October 14, 2010. The purpose of this visit was to assess the current reclamation conditions of the former mine property and to make recommendations toward meeting financial bond release criteria defined in the Closure Plan (discussed in the Closure Plan section of this memo). Present on site during this inspection were Paul Glader, Hecla Mining Company; Doug Truman, caretaker and former mine employee at Escalante; and Ingrid Bamberg, Bamberg Ecology. Escalante is located about 5 miles North of Enterprise, Utah in Iron County, at 1420 South-2400 West, Beryl, Utah 84714 (Sec 2, T36S, R17W, Salt Lake Baseline & Meridian).

Three main areas were identified for consideration during this evaluation:

- Tailings impoundment
- Main access road
- Exploration pads and roads

The former topsoil stockpile area and other topsoil borrow areas were not considered during this visit.

CURRENT RECLAMATION CONDITIONS

Escalante is located in southwestern Utah on the southeastern edge of the Great Basin Desert region within the Escalante Desert. The Escalante Desert spans most of Iron County, with a sagebrush shrub steppe climate that receives an average annual 13 inches (330 mm) of rainfall and 5.9 feet (1.8 m) of snowfall. Vegetation is typical of the region with big sagebrush (*Artemisia tridentata*) dominated semiarid land plant complexes. The area is open rangeland with localized dryland agriculture. The mine site is situated in a gently sloping drainage of the local foothills.

Tailings Impoundment

Mr. Truman stated that the surface of the tailings impoundment was reclaimed approximately 15 years prior to this inspection following the specifications defined in the Closure Plan. The 65-acre tailings impoundment is contained with an earthen dike and a drainage canal to divert storm events from the basin above the impoundment. The surface of the impoundment is slightly mounded and graded to prevent water containment. The surface cap, per Mr. Truman, includes a six-inch clay layer and an eight- to ten-inch topsoil layer from the stockpiled topsoils and borrowed from the surrounding landscape. The seed mix used as defined in the Closure Plan included grass, forbs, and shrubs.

The vegetation on the impoundment is in excellent condition, appearing to match the surrounding landscape for cover, density, and species richness (Photo 1). The species present on the impoundment do not match the surrounding landscape, which is big sagebrush dominated, or the proposed seed mix from the Closure Plan. With additional time, the vegetation is expected to gradually reach a climax community of big sagebrush to match the surrounding landscape.

The impoundment vegetation is shrub dominated, mainly by rubber rabbitbrush (*Ericameria nauseosa*) and the subshrub broom snakeweed (*Gutierrezia sarothrae*). The shrubs antelope bitterbrush (*Purshia tridentata*) and big sagebrush, probably volunteers from the surrounding landscape, are also present. Grasses include crested wheatgrass (*Agropyron cristatum*), slender wheatgrass (*Elymus trachycaulus*), and Indian ricegrass (*Achnatherum hymenoides*). Wildrye (*Elymus cinereus*) and squirreltail (*Elymus elymoides*) are in the canal around the impoundment. Forbs present include desert globemallow (*Sphaeralcea ambigua*) and beard's tongue (*Penstemon* sp.). Weedy and invasive species noted were minimal and consisted mainly of cheatgrass (*Bromus tectorum*).

All surfaces of the impoundment, including portions of the canal (Photo 2) and the earthen containment dike (Photo 3), visited during this inspection were well vegetated and stable with minimal evidence of erosion. Per Mr. Truman, a past invasion of

knapweed (*Centaurea* sp.) has been intensively managed for the past four to five years by spraying with an herbicide. The knapweed invasion appears to be contained.

The vegetation on the tailings impoundment has good cover and density, and a good diversity of native species with minimal weed cover. No further reclamation activities are recommended.

Main Access Road

It is not clear whether the main access road to the tailings impoundment had been ripped and seeded or not. No record has been found to verify any reclamation activity; however, the road has revegetated except for the two-track vehicle path for access (Photo 4). With 15 years since reclamation of the impoundment, most likely this revegetation on the access road has occurred naturally. Although not as diverse in species richness as the impoundment and with some large weedy patches, the vegetative cover and density match the surrounding landscapes and stabilize the ground surface from wind and water erosion.

The vegetation on the main access road is dominated by broom snakeweed. Broom snakeweed is a bushy, short-lived (less than 20 years), native, perennial subshrub and is a common constituent of many early serial sagebrush-grassland, pinyon-juniper, and desert shrub communities. It is of low nutrition value to livestock and may be poisonous if consumed in large quantities due to poor rangeland conditions from overgrazing. However, in Utah, pronghorn, jackrabbits, and many birds and insects depend on this plant.

Some signs of succession to a sagebrush community were present with notable die-off of the snakeweed and some young sagebrush and rabbitbrush plants present. Grasses present included Indian ricegrass, squirreltail, and galleta (*Hilaria* sp.). Herbaceous plants observed were globemallow and an unknown plant in the mint family (Lamiaceae). Some large patches of weed-dominated areas included an annual mustard, possibly tumble mustard (*Sisymbrium altissimum*), and filaree (a.k.a. storksbill *Erodium cicutarium*).

Recommendations for additional revegetation efforts for the main access road depend upon the release requirements for this mine. The section on the Closure Plan in this memo further addresses this issue. The native vegetation cover and density are good for providing protection from wind and water erosion and is self-regenerating and self-sustaining. The cover by weeds should be determined during a full monitoring survey. It is not recommended to disturb the existing vegetation with a ripping and seeding of the entire roadway. However, an overseeding of native full-sized shrubs (sagebrush and rabbitbrush) and grasses might speed-up the natural succession process. In addition, a soil analysis of the weedy patches and depending on the results, a ripping, nutrient application, and seeding of these areas might be recommended.

CLOSURE PLAN

The Proposal for Closure of Hecla's Escalante Silver Mine Tailings Facility written on August 25, 1989 by Hecla Mining Company Escalante Unit and submitted to the Department of Natural Resources, Division of Oil, Gas, and Mining, State of Utah (DOGM) does not define release criteria for the mine. An update of this reclamation plan will be submitted to the DOGM prior to final reclamation.

Photo 1, Top of tailings impoundment, Escalante Site, October 14, 2010.

Photo 2. Canal around tailings impoundment, Escalante Site, October 14, 2010.

Photo 3. Escalante Site, October 14, 2010.

Photo 4. Main Access road, Escalante Site, October 14, 2010.

Attachment 5

bamberg ecology

Technical Memorandum

Date: November 26, 2010
To: Mr. Paul Glader, Hecla Mining Company
From Ingrid Bamberg, Bamberg Ecology

Re: Trip Report for Reclamation Observations of Waste Pile at Escalante Mine Site

This memo provides observations on the Waste Pile at Hecla Mining Company's (Hecla) Escalante Silver Mine (Escalante), near Beryl, Utah, from a site visit on October 14, 2010. The purpose of this observation was to assess the current reclamation conditions of the waste pile. Present on site during this inspection were Paul Glader, Hecla Mining Company; Doug Truman, caretaker and former mine employee at Escalante; and Ingrid Bamberg, Bamberg Ecology. Escalante is located about 5 miles North of Enterprise, Utah in Iron County, at 1420 South-2400 West, Beryl, Utah 84714 (Sec 2, T36S, R17W, Salt Lake Baseline & Meridian). This memo is separate from the remainder of the Escalante Silver Mine observations since the Waste Pile has been released from financial bond.

Escalante is located in southwestern Utah on the southeastern edge of the Great Basin Desert region within the Escalante Desert. The Escalante Desert spans most of Iron County, with a sagebrush shrub steppe climate that receives an average annual 13 inches (330 mm) of rainfall and 5.9 feet (1.8 m) of snowfall. Vegetation is typical of the region with big sagebrush (*Artemisia tridentata*) dominated semiarid land plant complexes. The area is open rangeland with localized dryland agriculture. The mine site is situated in a gently sloping drainage of the local foothills.

The Waste Pile had earthwork and seeded done in October 2005, five years prior to this inspection. The surface of the Waste Pile had a total ground cover of approximately 40 to 45%. Of this, approximately 10 to 15% of the cover was grasses and native forbs including a unidentified mint species, beard's tongue (*Penstemon* sp.), and wildrye (*Elymus cinereus*). Approximately 30% of the cover was by invasive species (weedy species) and included cheatgrass (*Bromus tectorum*), Russian thistle (*Salsola kali*), and tansy mustard (*Descurainia pinnata*).

The Waste Pile has revegetated to an acceptable cover of desirable species for this desert region. The weedy species cover is moderately high, but not unusual for a disturbed reclamation site.

Photo 1. South slope of the Waste Pile, Escalante Site, October 14, 2010.

Photo 2. North slope of the Waste Pile in foreground, Escalante Site, October 14, 2010.

Attachment 6

Read 1/3/07
PG

State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

December 28, 2006

Mr. Paul L. Glader, Manager Environmental Services
Hecla Mining Company
6500 Mineral Drive, Suite 200
Coeur D'alene, Idaho 83815-9408

Subject: Authorization of Partial Release of Reclamation Surety, Hecla Mining Company, Escalante Silver Mine, M/021/004, Iron County, Utah

Dear Mr. Glader:

The Division has received a request for partial reclamation surety release of approximately 61 acres within the permit area of Escalante Silver Mine site; file number M/021/004, located in Iron County, Utah. The Division Bond Release Findings identify specifically the areas of full release and the dollar amount associated with this reclamation surety release.

The retention of reclamation surety in the amount of $42,756.00 is specifically for reclamation of the tailings pond access road, vegetation success on the reclaimed waste dump, weed control, and long term water monitoring. For these areas and activities, Operator reclamation liability and obligation continues according to the terms of the approved reclamation plan as amended.

A Corporate Surety in the amount of $389,300.00 is secured and fulfills the reclamation obligation. The Division will accept a surety reduction of $346,544.00, which may be issued in the form of a rider to existing surety bond number 81 S 100846282 BCA issued by Aetna Life & Casualty.

However, since a potion of this site is located on Bureau of Land Management (BLM), the partial release in the amount of $346,544.00 is granted contingent on the written consent of this agency. To finalize the partial release of this site, the BLM must submit written consent to the Division. The Division is attempting to obtain this written consent, and asks that you initiate and assist in coordinating this effort as well.

Once BLM written consent has been submitted to the Division, along with a Corporate Surety rider reducing the surety amount, the Division will then amend the reclamation contract and prepare an addendum identifying the changes associated with this action.

If you have any questions or concerns regarding this surety reduction action, or any other specific questions, please contact Environmental Scientist, Mr. Doug Jensen (801) 538-5382 or Surety Coordinator, Ms. Beth Ericksen (801) 538-5318.

Sincerely,

Doug Jensen

FOR Susan M. White
Minerals Program Coordinator
Division of Oil, Gas and Mining

SMW:,be:pb
Enc: Division Bond Release Findings
cc: Beth Ericksen, DOGM
Doug Jensen, DOGM
Ed Ginouves, BLM, Cedar City, UT (Ed_Ginouves@blm.gov)
Opie Abeyta, BLM (opie_Abeyta@blm.gov)
SITLA, Salt Lake City, Utah
P:\GROUPS\MINERALS\WP\M021-Iron\M0210004-Hecla\Final\partialreleasebeforM21004.doc

Bond Release Findings

COPY

Mine Name: Escalante Silver Mine
Operator: Hecla Mining Company
Paul Glader
6500 Mineral Drive – Suite 200
Coeur D'Alene, Idaho 83815-9408

I.D. No.: M/021/004
Mineral Ownership: BLM/SITLA/Fee
Surface Ownership: BLM/SITLA/Fee
Permit Term: 1980

Disturbed Area: 68 Acres
Regraded: 65 acres

Reseeded: 65 Acres
Acres Bonded: 68 Acres
Acres Proposed for Release: 61.4

Surety
Amount: $389,300 ($346,544 to be released & $42,756 retained)
Form: Surety
Renewable Term:

Setting and Premining Environment

The Escalante Silver Mine is located 38 miles west of Cedar City. Utah, 3½ miles SW of Beryl Junction and 8 miles north of Enterprise, Utah. Prior to mining this area was used for occasional grazing, mining, exploration activities, and wildlife habitat. Post-mine land uses will include occasional grazing, light industrial, and exploration activities. The vein was discovered in the early 1900's and from that time to the 1960's attempts were made to bring the property into production. The mine is located in a sagebrush cover flat in the Escalante Valley. The only surface water in the area is strictly ephemeral in nature and is the result of precipitation events.

In 1998 Hecla made an application to change the post mine land use for the area around the processing facilities which encompassed 20.325 acres. The change was to change the land use of this 20.325 acres to light industrial. This area had been sold to Dixie Cable who planned to set up greenhouses at the site. This industrial use of the land was approved by the city of Enterprise and a permit was issued to Dixie Cable. The facilities left on the site include a mill building, assay office, compressor building, and an administration-maintenance-warehouse building This post mine land use change would allow these facilities to remain as part of Dixie Cable's operation.
The land sold to Dixie Cable had originally been sold to Hecla by SITLA. During the transfer of the deed to Dixie Cable it was found that the land exchange between SITLA and BLM had not resulted in clear title. It has taken until recent times for this oversight to be corrected. With that problem taken care of and the sale of the property completed, Hecla has now applied for a release of a portion of the bond that the Division presently holds on the site.

Operations

Previous to Hecla, there had been several other operators at the site. All work at the site was completed as underground operations with only minor surface disturbances associated with this work. From the early 1900's until the late 1960's only sporadic attempts had been made to mine the area. In the mid 1960's approximately 20,000 tons were mined from the area. From that time until 1978 several mining companies only studied the property. In 1979, Ranchers Exploration initiated a test of a new mining method (vertical crater retreat) and implemented a pumping test in an attempt to dewater the mine. In anticipation of a successful pilot mining operation, detailed engineering on a mill and ancillary facilities was completed with a start-up of no later than the fall of 1981. Facilities at the site included a mill building, assay lab, shop/office, ancillary buildings, an adit and a 65 acre tailings pond. Prior to the initiation of pumping of the mine a 14 mile dewatering canal, (30' wide X 6' deep) which drained into Shoal Creek was constructed. Soil was harvested from areas to be disturbed at the site.

Hole Plugging
All holes drilled at the site were plugged following Division rules.

Reclamation

The final closure of the 65-acre tailings pond consisted of recontouring the area in a manner that it would not impound water. Any run-off water from the area of the tailings was directed to an impoundment run-off ditch. The existing underdrain system was left operable until the tailings are drained. Leachate from the underdrain was routed to the tanks at the mill where it was evaporated.
The tailings was capped with 6" of compacted clay, 14"of subsoil, 4" of soil, and seeded. A total area of 31 acres was disturbed to create borrow pits to supply the subsoil and clay for this closure effort. An estimate of 87,389 CY of capping material, 157,300 CY of subsoil, and 52,433 CY of soil was used to complete the closure.
Soil was stripped from the borrow areas before the subsoil and clay were removed. After the material needed to cap the tailings was removed, the soil was replaced and the areas seeded. Topsoil removed from the tailings area prior to the construction of the pond was placed over the capped tailings area.

Ground monitoring wells and the fence around the tailings area were allowed to remain until Division of Water Quality released the area.

Mine Engineering

All mine openings at the site have been sealed. There are no other structures or facilities remaining on site that would pose any threat to public safety. All hazardous and deleterious materials were removed from the site prior to the sale of the land and buildings.
No highwalls created during the operation of this mine. A 5 acre waste dump has been regraded to a 3:1 slope, soiled and seeded, this is the only dump created during the operation of this mine.

Hydrology

Water from stormwater events are directed around the site and into the natural channel below. Storm events occurring in the basin above the tailings will be diverted via the existing basin interceptor channel and newly constructed impoundment runoff ditch constructed on both sides of the tailings. The runoff conveyances have been designed for the 100-yr 6-hr flood event.
The tailings impoundment will continue to have a water monitoring requirement until the year 2010.

There are no dams or impoundments remaining at the site.

There is no evidence of erosion on the site.

One mining related road, impacting an area of ~1.6 acres, will remain at the site until the water monitoring requirement for the tailings pond has been satisfied.

Revegetation

Postmining land use of the mill building and maintenance shop will be light industrial. Hecla has sold the fee land including all the buildings to Dixie Cable. A copy of the deed transfer for this area was submitted to the Division and is attached to this document. The land use of the BLM portion of the site will be occasional grazing, mining, exploration activities, and wildlife habitat. The entire site with the exception of the buildings area has been seeded and vegetation at the site has met the Division standards (see attached inspection report). With the exception of the

COPY

vegetation on a recontoured 5 acre waste dump and a1.6 acre road, which will remain until water monitoring requirements have been met.
The site presently has a spotted knapweed problem with a small area of the site. The problem is being controlled by an annual weed eradication effort. This weed problem is mainly located on the BLM portion of the site. The BLM have been making annual inspections of the site to assess any weed growth. Hecla has implemented an annual program of spraying the weed. A portion of the bond will be retained for this spraying program until the knapweed on site has been eradicated.
The vegetation at the site, with the exception of the 5 acre waste dump area have survived in excess of three years. Release of this site has been delayed due to a problem with a land exchange between the BLM and SITLA which involved the fee portion of the mine. This resulted in a delay in the Division approving the post mine land use of the fee land and buildings on the site. This problem has been resolved and the land has been sold. The county has approved the post mining land use of light industrial of the area.

Recommendation

The Division recommends the release of $346,544 of the $389,300 bond that the Division presently holds. The site has been reclaimed for more than 10 years, a total of $563,200 was release in 1994 in conjunction with work completed prior to that date. The remaining amount ($42,756) will be retained for the reclamation of the tailings pond access road, weed control, vegetation success on the reclaimed waste dump, and long term water monitoring.

Inspector

November 22, 2006
Date

O:\M021-Iron\M0210004-Hecla\Draft\11162006bond-rel-find.doc

RECLAMATION ESTIMATE-REDUCTION FOR WORK NOW COMPLETED — DRAFT

Hecla Mining Company — ALSO SEE NOTEBOOKS A,C & D

Escalante Silver Mine - Mill Tailings Facility — last revision 08/17/94

M/021/004 Iron County, Utah — filename M21-04R2.WQ1

Prepared by Utah State Division of Oil, Gas & Mining — NOTEBOOK "B"

Reclamation Details & Comments regarding work competed

-Estimate for reclamation of facilities areas has been revised on Notebook 'C'

-Revised tailings cover: 10" capillary, 18" subsoil, 6" topsoil (65 acres)---COMPLETED

-Manure incorporated into tailings subsoil & topsoil caps (2-3,000 lb/acre)---COMPLETED

-Road to tailings reduced via ripping & seeding(5,800' x 12'= 1.6 acre)

-Impoundment runoff ditch constructed around tailings cap (7,200')---COMPLETED

-Subsoil borrow areas regraded & ripped (HECLA ESTIMATE 31 acres)---COMPLETED

-Surface layer of tailings to be compacted (ASSUME with a dozer)---COMPLETED

-Rip topsoil stockpile area & drill seed (9 acre ESTIMATE)---RIPPING COMPLETED?

-Monitor groundwater wells for 4 years after reclamation (quarterly)

-Fence maintenance 3 years (7,900 + ~10,000 LF, quarterly)

-Areas revegetated via drill seeding unless impractical (=>hand seeding)

-Disturbed acreage = office+tailings+borrow+roads+stockpile= 108

Description	Amount		$/Unit	Cost-$	
Facilities demolition/removal	DOGM EST.		0	267,071	NOTEBOOK 'C'
Tailings surface compaction(0.6 MPH)	65	acre	407	0	COMPLETED
Waste rock capillary barrier 10"	87,369	CY	2.46	0	COMPLETED
Tailings subsoil cap 18"	157,306	CY	1.51	0	COMPLETED
Tailings topsoil cap 6"	52,433	CY	1.55	0	COMPLETED
Disc manure into tailings soils	65	acre	250	0	COMPLETED
Ripping tailings road (0.40 mph)	1.6	acre	603	965	
Runoff ditch construction	7,200	ft	0.32	0	COMPLETED
Ripping borrow areas (0.60 mph)	31	acre	407	0	COMPLETED
Rip topsoil stockpile area	9.0	acre	407	0	COMPLETED?
Reseed all disturbed areas	108	acre	290	31,320	
Monitor groundwater (quarterly)	4	yr	1,200	4,800	
Fencing-borrow areas(LF estimated)	10,000	LF	1.00	10,000	
Mobilization	5	units	1,000	5,000	
Fence maintenance (quarterly)	3	yr	400	1,200	
SUBTOTAL				320,356	
+ 10% CONTINGENCY				32,036	
SUBTOTAL				352,391	
+5yr ESCAL (2.01%)				36,868	
UPDATED TOTAL				389,259	
ROUNDED TOTAL 1999-$				**$389,300**	

AMOUNT OF SURETY BOND	$771,000
AMOUNT OF CURRENT FORMS OF SURETY (2 CDs)	$181,500
TOTAL AMOUNT OF SURETY CURRENTLY POSTED	$952,500
LESS REVISED RECLAMATION ESTIMATE	$389,300
BONDING "SURPLUS" =	$563,200

Attachment 7

FORM MR-5

May 24th, 2006

Bond Number 1033918
Surety NAIC No. 13307
Permit Number _____
Mine Name Escalante Silver Mine

ATTACHMENT A
To
RECLAMATION CONTRACT
BETWEEN PRINCIPAL AND DIVISION

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

THE UTAH MINED LAND RECLAMATION ACT

SURETY BOND
* *

The undersigned Hecla Mining Company, as Principal, a Corporation organized under the laws of the State of Delaware and Lexon Insurance Company, as Surety, a Corporation organized under the laws of the State of Texas, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors, and assigns, jointly and severally, unto the State of Utah, Division of Oil, Gas and Mining ("Division") and U. S. Department of the Interior, BLM (other agency, if any) in the penal sum of Forty-Two Thousand Seven Hundred Fifty-Six and 00/100 dollars ($ 42,756.00).

This Surety Bond is provided to secure the obligations of the Principal, as set forth by the terms and conditions of the Reclamation Contract, and any addendums thereto, to reclaim lands that will be affected by mining operations as identified in the Notice of Intention received, or approved if applicable, by the Division on the_____ day of _____, 20 ____

The lands that are covered by this Surety Bond are the Lands Affected by mining operations as defined and described in the above Notice, and the Mining and Reclamation Plan if required, subject to terms and conditions of the Reclamation Contract.

The condition of this obligation is that if the Division determines that Principal has satisfactorily reclaimed the disturbed lands in accordance with the Mining and Reclamation Plan or Notice and has faithfully performed all requirements of the Mined Land Reclamation Act, and complied with the Rules

Bond Number 1033918
Surety NAIC No. 13307
Permit Number
Mine Name Escalante Silver Mine

and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect. Failure of the Principal to fulfill the obligations specified by the Mined Land Reclamation Act and the Rules adopted there under, and in accordance with the specification of the Principal's Mining and Reclamation Plan or Notice, may result in forfeiture of this bond in accordance with the applicable statutes and regulations.

If the Mining and Reclamation Plan or Notice provides for periodic partial reclamation of the lands affected, and if the lands are reclaimed in accordance with such Plan or Notice, Act and regulations, then Principal may apply for a reduction in the amount of this Surety Bond. In the converse, if the Mining and Reclamation Plan or Notice provides for a gradual increase in the lands affected or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety. The amount of reclamation surety may also be adjusted as a result of a periodic review by the Division, which shall take into account inflation/deflation based upon an acceptable Costs Index, or at the request of the operator.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Written notice to the Division and Principal as required by this paragraph shall be provided by certified mail or by a courier service that provides proof of delivery by signature of the recipient. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

Surety is licensed to do business in Utah and is rated by A. M. Best as A- or better or rated as having Financial Performance Rating (FPR) of 8 or better, and is listed in the U. S. Department of Treasury's Circular "570." Upon incapacity of the Surety by reason of bankruptcy, insolvency, or suspension or revocation of its license, or upon failure to maintain the A. M. Best or FPR rating and listing on Circular "570", Principal shall be without adequate bond coverage as required by the Division and shall have 120 days after notice to replace the bond with other bonds acceptable to the Division. If the Principal does not replace this surety bond as required, the Division may order cessation of mining operations and commence actions to enforce its rights against the Surety. The Surety's liability shall continue and the Surety will remain fully liable for all reclamation obligations of the Principal incurred until this surety bond is forfeited, or the conditions of this obligation have been satisfied.

Bond Number 1033918
Surety NAIC No. 13307
Permit Number
Mine Name Escalante Silver Mine

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

Hecla Mining Company
Principal (Permittee)

James A. Sabala, Sr. Vice President + CFO
By (Name and Title typed):

Signature

April 1, 2009
Date

Hecla Mining Company CORPORATE SEAL 2006 DELAWARE

Surety Company

Lexon Insurance Company
Surety Company Name

10002 Shelbyville Rd., Suite 100
Street Address

Jackie C. Koestel
Surety Company Officer

Louisville, KY 40223
City, State, Zip

Attorney-in-Fact
Title/Position

502-636-9191
Phone Number

Jackie C. Koestel
Signature

March 26, 2009
Date

Bond Number 1033918
Surety NAIC No. 13307
Permit Number _____
Mine Name Escalante Silver Mine

SO AGREED this _____ day of _____, 20 _____.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

_____
John R. Baza, Director
Utah State Division of Oil, Gas and Mining

*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

Bond Number 1033918
Surety NAIC No. 13307
Permit Number
Mine Name Escalante Silver Mine

AFFIDAVIT OF QUALIFICATION

On the 26th day of March, 20 09, Jackie C. Koestel personally appeared before me, who being by me duly sworn did say that he/she, the said Jackie C. Koestel is the Attorney-in-Fact of Lexon Insurance Company and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said Jackie C. Koestel duly acknowledged to me that said company executed the same, and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertaking and obligations.

Signed: Sandra F. Harper
Surety Officer

Title: Attorney-in-Fact

STATE OF Kentucky)
) ss:
COUNTY OF Jefferson)

Subscribed and sworn to before me this 26th day of March, 20 09.

Virginia E Woolridge
Notary Public
Residing at: Louisville, KY

My Commission Expires:

May 27, 20 09

POWER OF ATTORNEY

LX - 54130

Lexon Insurance Company

KNOW ALL MEN BY THESE PRESENTS, that **LEXON INSURANCE COMPANY**, a Texas Corporation, with its principal office in Louisville, Kentucky, does hereby constitute and appoint:

Brook T. Smith, Kathy Hobbs, Raymond M. Hundley, Jason D. Cromwell, James H. Martin, *****

Sandra F. Harper, Myrtie F. Henry, Julie Radican, Virginia E. Woolridge, Deborah Neichter, Jill Kemp, Jackie C. Koestel, Sheryon Quinn **

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of **LEXON INSURANCE COMPANY** on the 1st day of July, 2003 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed $2,500,000.00, Two-million five hundred thousand dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond of undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, **LEXON INSURANCE COMPANY** has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 2nd day of July, 2003.

LEXON INSURANCE COMPANY — A TEXAS INSURANCE COMPANY

LEXON INSURANCE COMPANY

BY _____

David E. Campbell
President

ACKNOWLEDGEMENT

On this 2nd day of July, 2003, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of **LEXON INSURANCE COMPANY**, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
MAUREEN K. AYE
Notary Public, State of Illinois
My Commission Expires 09/21/09

_____

Maureen K. Aye
Notary Public

CERTIFICATE

I, the undersigned, Secretary of **LEXON INSURANCE COMPANY**, A Texas Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 26th Day of March, 2009.

LEXON INSURANCE COMPANY — A TEXAS INSURANCE COMPANY

_____

Donald D. Buchanan
Secretary

"WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."